



Regulatory Circular RG08-15

DATE: January 17, 2008

FROM: Market Operations Department

RE: Restrictions on Transactions in
NovaStar Financial ("NFI")

On Thursday, January 17, 2008, NYSE delisted NovaStar Financial, Inc. (NFI/NJK/ODH/OZA/YZA).

Trading on the CBOE in existing series of NFI/NJK/ODH/OZA/YZA options is subject to the following restrictions. Only closing transactions may be affected in any series of NFI/NJK/ODH/OZA/YZA options except for (i) opening transactions by market makers executed to accommodate closing transactions of other market participants and (ii) opening transactions by CBOE member organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with CBOE Rule 6.74(b) or (d).

The execution of opening transactions in NFI/NJK/ODH/OZA/YZA options, except as permitted above, and/or the misrepresentation as to whether an order is opening or closing, will constitute a violation of CBOE rules, and may result in disciplinary action. Member organizations should ensure that they have appropriate procedures in place to prevent their customers from entering opening orders in this restricted option class.

There are no restrictions in place with respect to the exercise of NFI/NJK/ODH/OZA/YZA options. The provisions of this circular apply to any options on NFI/NJK/ODH/OZA/YZA traded on CBOE.

Any questions regarding this circular may be directed to Kerry Winters at (312) 786-7312 or Ji Min Kim at (312) 786-7043.

CBOE restricted class memos can be accessed from CBOE.org at the following web address:

<http://www.cboe.org/Restrictions>